

Analysis of financial risks as an important stage in the formation of financial strategy of the company

Pochitaev A., Filippova I.

Kazan Federal University, 420008, Kremlevskaya 18, Kazan, Russia

Abstract

This paper deals with the analysis of the problems of the formation of financial strategy, subject to the need to ensure the growth of shareholder value of a company, considering the benefits of the company in comparison to its competitors, the analysis of alternative development of the company, and the influence of the uncertainty on the implementation of goals achieved. Strategic risk management is considered as an integral part of the financial strategy. The proposed methodology will ensure implementation of a long-term goal of the company in terms of growth of shareholder value. The authors have presented a range of relative indicators characterizing the risks of decrease in liquidity and mobility, loss of solvency, deterioration of financial stability and decrease in profitability. As the resulting indicators reflecting the changes in the value of the company, the following three were used: MBR1, MBR2, EVA. To determine the composition of the key indicators of internal financial risks, we conducted a correlation regression analysis to identify the closeness and type of relation between the relative and the resulting indicators in GRETL environment. Based on the results of the statistical analysis, five key indicators of financial risks were defined, reflecting the mobility, financial stability and profitability. During econometric modeling, the recommended values of key risk indicators were calculated on the basis of the zonal method of risk assessment. The companies can use this methodology within the framework of the formation and implementation of financial strategies for finding a compromise in the field of financial security and the value increase.

Keywords

Comprehensive assessment, Financial health, Financial risks, Financial strategies